

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO.:_____
	:	
	:	DATE FILED:_____
v.	:	
	:	VIOLATION:
	:	18 U.S.C. § 371 (Conspiracy to
	:	commit
WILLIAM S. MATURA, D.C.	:	health care fraud - 1 count)
RICHARD CAPACIO, D.C.	:	18 U.S.C. § 1347 (Health care fraud - 7
LEWIS KORFF, D.C.	:	counts)
MARIA ALFARO	:	18 U.S.C. § 1518 (Obstruction of criminal
	:	investigation of health care offenses -
	:	2 counts)
	:	18 U.S.C. § 982(a)(7)
	:	(Notice of forfeiture)

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At times material to this indictment:

1. Defendant WILLIAM S. MATURA was a chiropractor who owned and operated a chiropractic practice known as William S. Matura and Associates (“the practice”), with offices located at 701 West Erie Avenue (“7th Street office”) and 1940 West Erie Avenue (“20th Street office”), Philadelphia, Pennsylvania.

2. Defendants RICHARD CAPACIO and LEWIS KORFF, and Robert Hileman, were staff chiropractors hired and supervised by defendant WILLIAM S. MATURA to provide

chiropractic and physiotherapy treatment at the practice. T.B. was a receptionist employed at the practice.

3. William S. Matura and Associates rendered chiropractic and physiotherapy treatment to persons who claimed to have been injured in slip-and-fall and other accidents.

4. Defendants WILLIAM S. MATURA, RICHARD CAPACIO, and LEWIS KORFF and chiropractor Robert Hileman recorded each chiropractic and physiotherapy treatment provided to patients of the practice by use of an electronic scanning device that recorded the name of the patient, the date, the patient's complaints, the diagnosis, and the treatment rendered. The information so recorded was downloaded into a computer database maintained by the practice, from which patients' progress notes and bills were printed and submitted for payment to insurance companies by, among other means, attorneys representing patients who claimed to have suffered accidental injuries.

The Conspiracy

5. From in or about January 1997 through in or about April 2002, at Philadelphia and elsewhere, defendants

**WILLIAM S. MATURA, D.C.,
RICHARD CAPACIO, D.C.,
LEWIS KORFF, D.C.,**

and Robert Hileman and T.B. conspired and agreed, together and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to knowingly and willfully execute a scheme to defraud health care benefit programs, that is, insurance companies, including but not limited to Princeton Insurance Company, Nationwide Insurance Company, Mutual Benefit Insurance Company, Gallagher Bassett Services, Inc., MidAtlantic

Insurance Group, Harford Insurance Company, CNA Insurance Company, and Liberty Mutual Insurance Company, and to obtain money and property owned by and under the custody and control of those insurance companies by means of false and fraudulent pretenses, representations, and promises, in connection with the payment for health care benefits, items and services, by submitting and causing to be submitted over \$3 million in fraudulent claims for chiropractic and physiotherapy treatment purportedly provided to patients of William S. Matura and Associates, and by causing the insurance companies to issue payments based on these fraudulent bills and records, in violation of Title 18, United States Code, Section 1347.

It was part of the conspiracy that:

6. Defendant WILLIAM S. MATURA paid “runners,” that is, persons who referred claimants who had purportedly injured themselves in slip-and-fall and other accidents, including runner D.K., to refer those claimants to his practice.

7. Defendants WILLIAM S. MATURA, RICHARD CAPACIO, and LEWIS KORFF and chiropractor Robert Hileman fraudulently recorded in the practice’s computer system, and in other records, treatment of claimants purportedly injured in slip-and-fall and other accidents knowing that the treatment described had not, in fact, been provided and knowing that bills for purported treatments they fraudulently recorded would be submitted to insurance companies in support of claims filed by attorneys to recover monies for the purported injuries of the claimants.

8. T.B. told claimants that she would falsify records of the practice to make it appear as though the claimants visited the practice for treatment at times that they did not do so.

9. Defendant WILLIAM S. MATURA caused members of his staff to submit false and fraudulent bills and records to insurance companies and to attorneys representing the claimants for submission to the insurance companies from which the claimants sought to recover payments for their purported injuries.

10. Defendant WILLIAM S. MATURA caused the insurance companies to issue payments to the practice, and to himself in payment of the fraudulent bills and records described in paragraph 9 above.

11. Defendant WILLIAM S. MATURA caused the insurance companies to issue settlement checks to the claimants based on the fraudulent bills and records described in paragraph 9, above.

OVERT ACTS

1. In furtherance of the conspiracy, defendants WILLIAM S. MATURA, RICHARD CAPACIO, and LEWIS KORFF, and Robert Hileman, T.B., D.K., and others known and unknown to the grand jury, committed the following overt acts, among others, in the Eastern District of Pennsylvania, and elsewhere:

The K.J. Claim

2. On or about October 20, 1997, defendant WILLIAM S. MATURA met at his 20th Street office with K.J., who had been referred to the practice by runner D.K. for treatment of injuries K.J. had purportedly suffered in a staged slip-and-fall accident on October 7, 1997. In response to K.J.'s comment that he had not been hurt in the slip-and-fall claim, MATURA replied "no problem."

3. On or about October 30, 1997, T.B. offered to fraudulently note in the practice's records that K.J. was receiving treatment at the practice even on days that K.J. did not report to the practice for treatment.

4. In or about 1998, defendant WILLIAM S. MATURA fabricated and caused to be fabricated false and fraudulent bills and records of 44 visits to the practice by K.J. for chiropractic and physiotherapy treatment totalling \$6,821 that he submitted and caused to be submitted to K.J.'s attorney for ultimate submission to Princeton Insurance Company.

5. On or about February 28, 2001, defendant WILLIAM S. MATURA caused Princeton Insurance Company to issue a check for \$5,000 to K.J. and his attorney based on the false and fraudulent chiropractic and physiotherapy bills and records for K.J. described in paragraph 4 above.

The "Shawn James" claim

6. On or about March 10, 1998, defendant WILLIAM S. MATURA met at his 7th Street office with an undercover FBI Special Agent posing as claimant "Shawn James," who had been referred to the practice by runner D.K. for treatment of injuries "James" had purportedly suffered in a staged slip-and-fall accident on February 25, 1998.

7. On several occasions between in or about March 1998 and in or about May 1998, T.B. offered to create false records showing that "Shawn James" had obtained treatment at the practice even if she did not wish to report to the practice for treatment.

8. Between in or about March 1998 and August 1998, defendant WILLIAM S. MATURA fabricated and caused to be fabricated false and fraudulent bills and records of 45 visits to the practice by "James" for chiropractic and physiotherapy treatment totalling \$6,993,

that he submitted and caused to be submitted to “James” ’s attorney for ultimate submission to Nationwide Insurance Company.

9. On or about February 11, 1999, defendant WILLIAM S. MATURA caused Nationwide Insurance Company to issue two checks for \$5,000 each to “Shawn James” and her attorney based on the false and fraudulent chiropractic and physiotherapy bills and records for “Shawn James” described in paragraph 8 above.

The C.H. Claim

10. In or about March 1998, defendant WILLIAM S. MATURA met with runner D.K. and C.H., who D.K. referred to the practice for treatment of injuries C.H. had purportedly suffered in a staged slip-and-fall accident on March 4, 1998.

11. In or about summer 1998, defendant WILLIAM S. MATURA fabricated and caused to be fabricated false and fraudulent bills and records of 35 visits to the practice by C.H. totalling \$5,759, that he submitted and caused to be submitted to C.H.’s attorney for ultimate submission to Liberty Mutual Insurance Company.

12. On or about February 14, 2000, defendant WILLIAM S. MATURA caused Liberty Mutual Insurance Company to issue a check for \$7,500 to C.H. and her attorney based on the false and fraudulent chiropractic and physiotherapy treatment records submitted for C.H. described in paragraph 11 above.

The Larry Shields Claim

13. In or about October 1998, defendant WILLIAM S. MATURA met at his 7th Street office with Larry Shields, charged elsewhere, who had been referred to the practice by runner

D.K. for treatment of injuries Shields had purportedly suffered in a staged slip-and-fall accident on October 5, 1998.

14. On or about June 19, 1999, defendant WILLIAM S. MATURA fabricated and caused to be fabricated false and fraudulent bills and records of 31 visits to the practice for chiropractic and physiotherapy treatment totalling \$3,630, that he submitted and caused to be submitted to Shields's attorney for ultimate submission to Harford Insurance Company.

The T.E. Claim

15. In or about March 1999, defendant WILLIAM S. MATURA met at his 7th Street office with T.E. who had been referred to the practice by runner D.K. for treatment of injuries T.E. had purportedly suffered in a staged slip-and-fall accident on February 28, 1999.

16. In or about March, 1999, D.K. told T.E. that T.E. would not have to visit defendant WILLIAM S. MATURA's office for treatment of his purported injuries, and that MATURA would submit fraudulent bills in support of T.E.'s claim reflecting that T.E. had visited the practice frequently for treatment of his purported injuries.

17. Between in or about March 1999 and in or about August 1999, defendant WILLIAM S. MATURA fabricated and caused to be fabricated false and fraudulent bills and records of 45 visits to the practice by T.E. for chiropractic and physiotherapy treatment totalling \$6,651 that he submitted and caused to be submitted to T.E.'s attorney for ultimate submission to CNA Insurance Company.

18. On or about September 22, 1999, defendant WILLIAM S. MATURA caused CNA Insurance Company to issue checks totalling \$17,000 to T.E. and his attorney based on the

false and fraudulent chiropractic and physiotherapy bills and records submitted for T.E.
described in paragraph 17 above.

The C.S. Claim

19. In or about March 1999, runner D.K. referred claimant C.S. to the practice for treatment of injuries C.S. had purportedly suffered in a staged slip-and-fall accident on March 22, 1999.

20. Between in or about March 1999 and in or about July 1999, defendant WILLIAM S. MATURA fabricated and caused to be fabricated false and fraudulent bills and records of 44 visits to the practice by C.S. for chiropractic and physiotherapy treatment totalling \$5,623, that he submitted and caused to be submitted to C.S.'s attorney for ultimate submission to Gallagher Bassett Services, Inc.

21. On or about November 7, 2000, defendant WILLIAM S. MATURA caused Gallagher Bassett Services, Inc. to issue a check for \$12,250 to C.S. and his attorney based on the false and fraudulent chiropractic and physiotherapy bills and records described in paragraph 20 above.

The Jay Bomze claims

Jay Bomze Claim No. 1

22. In or about November 1996, defendant WILLIAM S. MATURA fabricated and caused to be fabricated false and fraudulent bills and records of 61 visits to the practice for chiropractic and physiotherapy treatment totalling \$7,321 for Jay Bomze to use in an automobile accident claim Bomze had filed for purported injuries arising from an automobile accident of October 12, 1995, which bills and records MATURA submitted and caused to be submitted to State Farm Insurance Company in furtherance of Jay Bomze's accident claim.

23. On or about August 13, 1997, defendant WILLIAM S. MATURA caused State Farm Insurance Company to issue a check for \$15,000 in settlement of Jay Bomze's claim based on the false and fraudulent chiropractic and physiotherapy bills and records for Jay Bomze described in paragraph 22, above.

Jay Bomze Claim No. 2

24. In or about February 2001, defendant WILLIAM S. MATURA told Jay Bomze (who, now acting undercover under law enforcement supervision, had reported to MATURA that he had recently been involved in an automobile accident) that he would fabricate false and fraudulent bills and records of chiropractic and physiotherapy treatment for Bomze to use in his accident claim.

25. At various times between February 2001 and July 2001, defendant WILLIAM S. MATURA instructed Jay Bomze what injuries Bomze should claim to maximize the value of his insurance claim, and told Bomze that he would fabricate bills and reports for use in his insurance claim.

26. In or about September 2001, defendant WILLIAM S. MATURA fabricated and caused to be fabricated false and fraudulent bills and records of 41 visits to the practice by Jay Bomze for chiropractic and physiotherapy treatment totalling \$6,426, that he submitted and caused to be submitted to Bomze for ultimate submission to the Mid-Atlantic Insurance Group.

27. Between in or about August 2001 and in or about October 2001, defendant WILLIAM S. MATURA caused the Mid-Atlantic Insurance Group to issue checks totalling over \$4,900 to WILLIAM S. MATURA, D.C., P.C., based on the false and fraudulent chiropractic

and physiotherapy treatment records MATURA submitted for Jay Bomze described in paragraph 26 above.

William Matura's Own Claim

28. In or about September 1997, defendant WILLIAM S. MATURA instructed defendant RICHARD CAPACIO to prepare false and fraudulent records and a bill for \$5,576 describing chiropractic and physiotherapy treatment that CAPACIO had purportedly provided to MATURA over 38 visits to the practice in treatment of injuries MATURA claimed to have suffered in an automobile accident on December 16, 1996. CAPACIO prepared these bills on the letterhead of "Erie Chiropractic Center," concealing the fact that MATURA was his employer and owned the practice at which MATURA was ostensibly receiving treatment for his injuries.

29. Between in or about September 1997 and in or about March 1998, defendant WILLIAM S. MATURA submitted and caused to be submitted the false and fraudulent bills and records described above to his attorney, Providence Washington Insurance Company, and Nationwide Insurance Company for use in his accident claim.

30. On or about June 5, 1998, defendant WILLIAM S. MATURA caused Providence Washington Insurance Company to issue a settlement check for \$17,000 in MATURA's accident claim based on the false and fraudulent bills and records described in paragraph 29, above.

31. In or about August 1998, defendant WILLIAM S. MATURA caused Nationwide Insurance Company to issue two checks totalling \$3,625.52 to Erie Chiropractic Center based on the false and fraudulent bills and records for WILLIAM S. MATURA described in paragraph 29 above.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH EIGHT

1. Paragraphs 1 through 4 and 6 through 11, and Overt Acts 1 through 31 of Count 1 are realleged here.

2. On or about the dates listed below, in the Eastern District of Pennsylvania and elsewhere, defendant

WILLIAM S. MATURA, D.C.

knowingly and willfully executed a scheme to defraud health care benefit programs, that is, the insurance companies listed below, and to obtain money and property owned by and under the custody and control of those health care benefit programs, by means of false and fraudulent pretenses, representations, and promises, in connection with payments for health care services, by fabricating and causing to be fabricated false and fraudulent bills and records describing chiropractic and physiotherapy treatment purportedly provided to the claimants listed below that, in fact, were not provided, and by causing health care providers to issue checks based on and in payment of the false and fraudulent bills and records:

COUNT	DATE	CLAIMANT	ITEM
2	2/28/01	K.J.	\$5,000 check from Princeton Insurance Co.
3	2/11/99	“Shawn James”	Two \$5,000 checks from Nationwide Ins. Co.
4	2/14/00	C.H.	\$7,500 check from Liberty Mutual Ins. Co.

COUNT	DATE	CLAIMANT	ITEM
5	6/19/99	Larry Shields	Fraudulent bills and records in Shields Claim
6	9/22/99	T.E.	Two checks for \$12,000 and \$5,000 from CNA Ins. Co.
7	11/07/00	C.S.	\$12,250 check from Gallagher-Bassett Services
8	8/01-10/01	Jay Bomze	Nine checks totaling over \$4,900 from Mid-Atlantic Ins. Group

All in violation of Title 18, United States Code, Section 1347.

COUNT NINE

1. Paragraphs 1 through 4 and 6 through 11, and Overt Acts 1 through 31 of Count 1 are realleged here.

2. On or about April 18, 2002, federal law enforcement agents executed search warrants on the 7th Street and 20th Street offices of WILLIAM S. MATURA, D.C. As a result of that search, defendant WILLIAM S. MATURA became aware of the grand jury's investigation of health care fraud in his chiropractic practice.

3. From on or about April 18, 2002 to the present, in the Eastern District of Pennsylvania, defendant

WILLIAM S. MATURA, D.C.

willfully prevented, obstructed, misled, and delayed the communication of information relating to a violation of a federal health care offense to a criminal investigator, and attempted to do so, by instructing members of his staff to provide false exculpatory explanations of fraudulent activity in the practice to federal law enforcement agents.

In violation of Title 18, United States Code, Section 1518.

COUNT TEN

1. Paragraphs 1 through 4 and 6 through 11, and Overt Acts 1 through 31 of Count 1 are realleged here.

2. On or about April 18, 2002, a grand jury subpoena was issued and served on the custodian of records for WILLIAM S. MATURA, D.C. to produce, among other things, “all original appointment books, and any and all appointment records kept by computer for 1/1/96-present.”

3. Between on or about April 18, 2002 and in or about July 2002, in the Eastern District of Pennsylvania, defendants

**WILLIAM S. MATURA, D.C.
RICHARD CAPACIO, D.C.
and
MARIA ALFARO**

willfully prevented, obstructed, and misled the communication of information and records relating to a violation of a federal health care fraud offense to a criminal investigator by shredding subpoenaed documents and by altering and causing to be altered patient appointment book records that had been subpoenaed by the federal grand jury, described in paragraph 2, above, to make it appear that claimants for whom the practice had billed for chiropractic and physiotherapy treatment had actually received that treatment on the dates indicated by the alterations, when defendants MATURA, CAPACIO, and ALFARO knew that the claimants had not even appeared at the practice on those dates.

In violation of Title 18, United States Code, Section 1518.

NOTICE OF FORFEITURE

As a result of the violations of Title 18, United States Code, Sections 1347 and 371, federal health care offenses, as set forth in Counts 1 through 8 of this Indictment, defendant

WILLIAM S. MATURA, D.C.

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(7), all property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offenses, including, but not limited to, a sum of cash in the amount of \$1,353,000, which represents gross proceeds from fraudulent health care insurance claims.

Substitute Assets

If any of the property describe above as being subject to forfeiture, as a result of any act or omission of defendant WILLIAM S. MATURA, D.C.:

- A. cannot be located upon the exercise of due diligence;
- B. has been transferred or sold to, or deposited with, a third party;
- C. has been placed beyond the jurisdiction of the Court;
- D. has been substantially diminished in value; or
- E. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of defendant WILLIAM S. MATURA, D.C. up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982.

A TRUE BILL:

GRAND JURY FOREPERSON

PATRICK L. MEEHAN
United States Attorney